

MINUTES

MONTANA SENATE 58th LEGISLATURE - REGULAR SESSION

SUB-COMMITTEE ON TAXATION ON SB 260 & SB 461

Call to Order: By **CHAIRMAN BOB DEPRATU**, on March 18, 2003 at 11:25 A.M., in the Secretary of State's Conference Room.

ROLL CALL

Members Present:

Sen. Bob DePratu, Chairman (R)
Sen. Bob Story Jr., Vice Chairman (R)
Sen. Jim Elliott (D)

Members Excused: None.

Members Absent: None.

Staff Present: Shirley Herrin, Committee Secretary
Lee Heiman, Legislative Staff

Others in Attendance:

Terry Johnson, Legislative Fiscal Division
Ryan Jose, Dept of Revenue
Judy Paynter, Dept of Revenue
Brad Simshaw, Dept of Revenue
Chris Christiaens, MT Landlord's Assoc.
Dolores Cooney, Dept of Revenue
Keith Colbo, MT Residents for Fair Property Tax
Joe Roberts, MT Association of Realtors
Mary Whittinghill, MT Taxpayers Assoc.

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Discussion On: SB 260, SB 461

SEN. JIM ELLIOTT questioned **Brad Simshaw**, Department of Revenue, regarding what the percentage of reapportionment value paid to the state was. Mr. Simshaw replied it would be 101 mills. The committee questioned Mr. Simshaw at length regarding the issue.

SEN. ROBERT STORY stated the issue with the 101 mills is different than the issue with local mills - you shift local mills internally, whereas, the 101 mills are shifted regionally. The committee discussed raising the cap from 2.5 to 3.5.

Brad Simshaw stated the SB 260 approach, with that customized Homestead exemption, is beneficial for those who have an increase due to the reappraisal of greater than 16%.

SEN. ELLIOTT inquired why the SB 260 line, on the chart, starts out above the '99 solution for the tax decreases or the tax increases up to 16%? Brad Simshaw responded that SB 260 and the '99 solution basically have the same tax rate - 3% in the '99 solution and 3.02% in SB 260.

CHAIRMAN DEPRATU said the things they were trying to reach in SB 260 were predictability and stability.

Brad Simshaw handed out **EXHIBIT(tas57b01)**

- Page 1) Owner Occupied
- Page 2) Not Owner Occupied
- Page 3) Multi-family, and
- Page 4) Commercial

Each chart showed the four scenarios of 1. Current Law; 2. '99 Solution; 3. SB 461 and 4. SB 260. He reviewed the charts in detail. The committee questioned **Mr. Simshaw** regarding information provided on the charts.

Mr. Simshaw then handed out another set of charts **EXHIBIT(tas57b02)** and explained they show exactly the same information, however, they take each scenario and see how each scenario treats four different groups of property - owner occupied; not owner occupied, Multi-family and Commercial. He reviewed those charts in detail and answered questions from the committee.

Judy Paynter noted there were two things they had at yesterday's meeting they didn't have time to review. She said **Brad Simshaw** had some census data **EXHIBIT(tas57b03)** and **Dolores Cooney** had some information on corporate ownership. **Mr. Simshaw** reviewed the US Census data in detail and answered questions from the committee.

Dolores Cooney reviewed her information on corporate ownership. **EXHIBIT(tas57b04)** starting in Section 3 (d).

SEN. ELLIOTT inquired what the rationale is for treating different properties differently in class 4. **CHAIRMAN DEPRATU** responded from the home owner standpoint both bills are trying to

give predictability and stability to the home owner but the bills differ on how much we want to give to the home owner as opposed to the rentals and the out-of-state or the Montana second home owner.

After a brief discussion the committee asked **Brad Simshaw** to prepare new charts for them to consider.

CHAIRMAN DEPRATU said he wants to make sure they are staying constitutional so they are not facing this again in the next reappraisal.

CHAIRMAN DEPRATU announced the committee would meet tomorrow right after the Senate Taxation meeting and he hoped to be able to report back to the committee by the first of next week.

ADJOURNMENT

Adjournment: 12:15 P.M.

SEN. BOB DEPRATU, Chairman

SHIRLEY HERRIN, Secretary

BD/SH